

In the Matter of:

DETARIFFING THE INSTALLATION) ADMINISTRATIVE
AND MAINTENANCE OF INSIDE WIRE) CASE NO. 305

O R D E R

Introduction

On December 24, 1986, the Commission released an Order in this case that required local exchange carriers to file inside wire cost allocation plans, inside wire revenue and expense information, and local exchange rate reductions. On January 30, 1987, Continental Telephone Company of Kentucky ("Continental") filed an inside wire implementation plan and associated tariff changes.

Discussion

Continental's inside wire implementation plan indicates that, as a result of detariffing the installation and maintenance of inside wire, local exchange service rates can be reduced in the amount of \$0.47 per access line per month, excluding public pay stations, private branch exchange, and key system access lines. Public pay stations access lines are excluded on the basis that public pay stations are provided by Continental and, therefore, no local service rate is applicable. Private branch exchange and key system access lines are excluded on the basis that Continental detariffed the installation and maintenance of complex inside wire

on December 31, 1985, coincident with its detariffing of associated customer premises equipment.

In Common Carrier Docket No. 86-111,¹ the Federal Communications Commission considered rules concerning cost allocation between the regulated and unregulated services provided by local exchange carriers and an Order on cost allocation was released on February 6, 1987. Also, the Commission has indicated in other Orders that it intends to open a cost allocation investigation in the near future. Therefore, in the opinion of the Commission, Continental's inside wire implementation plan and associated local exchange service rate reductions should be approved on an interim basis, pending the outcome of the Commission's cost allocation investigation.

Continental's inside wire implementation plan includes a detariffed inside wire maintenance plan, the details of which are unclear. The Commission has not taken any action on inside wire maintenance plans contained in inside wire implementation plans filed by other local exchange carriers and will not in the case of Continental, as inside wire maintenance services are detariffed. However, Continental is reminded that regulated services may not be disconnected for nonpayment of detariffed service charges.

¹ Separation of Costs of Regulated Telephone Service From Costs of Nonregulated Activities. Amendment of Part 31, the Uniform System of Accounts for Class A and Class B Telephone Companies, to Provide for Nonregulated Activities and to Provide for Transactions Between Telephone Companies and Their Affiliates.

Also, Continental proposed to make its local exchange service rate reductions effective on March 1, 1987, in all exchanges that it serves.

Continental acknowledges that the Commission contemplated local exchange service rate reductions effective January 1, 1987, in its Order of December 24, 1986. However, as reason for its proposed effective date, Continental indicates that it has provided inside wire maintenance services since January 1, 1987, at no charge to its customers, pending approval of its inside wire implementation plan and associated tariff changes. Moreover, any refund that the Commission might order retroactive to January 1, 1987, would be de minimus and could be outweighed by the costs associated with administering a refund operation. Therefore, in the opinion of the Commission, Continental's proposed effective date of March 1, 1987, should be approved.

Findings and Orders

The Commission, having examined the evidence of record and being advised, is of the opinion and finds that:

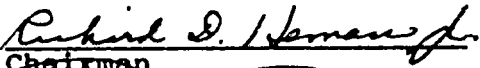

1. Continental's local exchange service rates should be reduced in the amount of \$0.47 per access line per month, effective on March 1, 1987, on an interim basis, pending the outcome of the Commission's cost allocation investigation, excluding public pay station, private branch exchange, and key system access lines.

2. Continental's inside wire implementation plan should be approved, on an interim basis, pending the outcome of the Commission's cost allocation investigation.

Accordingly, each of the above findings is HEREBY ORDERED.

Done at Frankfort, Kentucky, this 1st day of May, 1987.

PUBLIC SERVICE COMMISSION


Chairman

Vice Chairman


Commissioner

ATTEST:

Executive Director